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FOREIGN AGRICULTURE



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U.S. Rice Exports
Swedes Like
American Beef

October 7, 1968

Foreign
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OF AGRICULTURE

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This week's cover:

This man's job is to tie up bags of threshed rice on a Louisiana farm. How his and other U.S. rice is faring in world trade is discussed in the article beginning this page.

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A Look Into the Past

Raymond A. Ioanes, Administrator of Foreign Agricultural Service, sees another good year ahead for U.S. rice exports but some increase in carryover stocks following a record U.S. rice crop in 1968.

Rice has contributed greatly to the fine export record that has been compiled for the United States in recent years. And how starkly rice's performance today stands out when we compare it with the situation facing us 12 years ago!

In 1956, we had a rough rice carryover of almost 35 million hundredweight—equal to 70 percent of rice production that year. We were selling milled rice abroad at about \$3 a bag below the domestic market price—and still not doing too much export business. As a matter of fact, our exports of milled rice in fiscal 1956 totaled only 11.6 million hundredweight.

And then a few years later, we lost the Cuban market, which in the 1955-60 period had been a yearly customer for \$33 million of U.S. rice. For several years following the loss of that market we were at a pretty low ebb. But a lot of people put their shoulders to the wheel. And look where we are now.

We are producing over twice as much rice as we grew in 1956. Yet our stocks are no more than we need in the way of prudent reserves. Domestic consumption, both per capita and total, has had a healthy growth. And our exports have risen.

We are today the biggest rice exporter in the world. Paradoxically, we have attained the No. 1 position with less than 1 percent of the world's rice acreage.

We've been setting one rice export record after another. Exports of milled rice in fiscal 1968 hit an alltime high with a value of almost \$340 million. And this was without paying a subsidy—quite a change from the 1956 situation.

*Outlook for rice: a record
large production, but continued
strong demand from abroad.*

The period that lies immediately ahead also promises to be interesting.

The Crop Reporting Board has estimated 1968 rough rice production at almost 110 million hundredweight. A crop of

and Future of U.S. Rice Exports

that size is far and away the largest in U.S. history. It reflects the combination of record or near-record yields on the largest acreage in 14 years.

Production as big as this year's normally would send shudders through the rice industry. But increased production was needed. The Department of Agriculture last fall urged that rice acreage be expanded to bring increased production and income to growers.

In calling for expanded acreage, Secretary Freeman said: "World supplies of rice currently are short and world price levels are high enough to move U.S. rice into dollar markets without export payments. Export activity and exports from abroad indicate an unprecedented export movement. Production of rice is below consumption and normal export levels in several countries which are world export market competitors. Domestic utilization is continuing along a steady modest upward trend."

South Vietnam's needs had high priority in Secretary Freeman's thinking. As it has turned out, Vietnam won't require as much rice as was anticipated earlier, but other areas will be taking up some of the slack.

South Korea, for instance, has a very large requirement. This requirement is in addition to—and substantially larger than—the 240,000 tons of rice we sold South Korea earlier this year. In addition to the demand that comes from steady economic growth, South Korea had drought last year and again this year, which has made substantial imports necessary.

Indonesia also looms large in the current rice picture. This year, as part of our assistance program, Indonesia will take 250,000 tons of U.S. rice, as compared with 150,000 last year.

Peru has had drought. We have been engaged in discussions with officials of that country, who may decide to import some of our rice.

So although we've got a big crop in prospect, the great bulk of U.S. rice available for export in this coming market season will find a home. With imagination and energy we can prevent an unduly large carryover of rice at the beginning of the 1969-70 season. And speaking of carryovers—it is quite clear that our last year's carryover was too small—too small, at least, for a nation and an industry that expects to stay in the export business on a permanent basis.

Aside from transitory factors, we have a lot of good, sound fundamentals going for us in the export area. Rice is a versatile and flexible product; it's a food that is in demand everywhere. We are a reliable, reputable rice supplier, with markets in more than 100 countries around the world. And we have a reputation for high-quality rice which will stand us in good stead in the years to come.

The fact that we are selling more and more rice for dollars also is a sign of progress in the export area. In the first 5 years of Public Law 480, our sales for dollars accounted for 53 percent of shipments. In 1967, the proportion had risen to 57 percent. In 1968 about 60 percent of our rice exports represented sales for dollars.

At the same time, we've had an impressive food aid record. Since 1955, the United States has shipped over 165 million hundredweight of rice to needy countries, most of it under P.L. 480. The money involved amounts to well over \$1 billion. It has been money well spent. It has helped the rice industry over some rough spots, combated hunger and unrest abroad, and helped to lay the foundation for permanent agricultural trade.

Credit made available under the Commodity Credit Corporation program has enabled us to expand rice exports in cases where countries need a little time to pay in dollars. It has been a relatively small program to date—credit sales of rice since 1956 amount to about \$13 million—but it is very important in special circumstances.

*The United States must vary
its marketing practices to meet
the needs of different nations.*

The U.S. Government and the rice industry have a cooperative role to play in market development. However, consumer preferences in various areas of the world practically dictate the type of promotion that can be effectively employed.

In the sophisticated markets of Western Europe, the requirements call for consumer promotion of dry, fluffy cooking rice. This kind of rice meets consumer preferences and overcomes to some extent the Common Market regulations, which are primarily designed to protect Italian short-grain production.

Market development for California's medium- and short-grain rice, on the other hand, calls for a different approach. The markets to which this large rice producer sells already have a large per capita consumption, and they require shipments of bulk-cargo rice, which loses its identity at the consumer level. Also, these markets are more dependent on local production and shifting import requirements, which make long-range market development difficult.

In such a situation, it is extremely important that buyer and seller maintain close and continuous contact. It also is important that markets be properly serviced—that is, we must see to it that the buyer knows what he is getting for his money and that he is getting good advice on the utilization of his product.

In summary, we've got some problems to overcome in the months ahead. But our success in contending with problems over the past decade gives us justifiable confidence as we face the future.

Austria Adjusts Soft Wheat, Rye Prices

The second of two recent steps by the Austrian Government to curb domestic wheat production and to provide an incentive for farmers to grow more rye and feedgrains became effective on July 1, 1968. On that date the guaranteed producer price for soft wheat received by farmers was reduced by about 3 percent as of the beginning of the 1968-69 crop year, and the total producer price for rye was raised by about 2.5 percent. The earlier step was an increase in the gate prices for a number of important feedgrains late in 1967.

Effects of the latest measure, however, are not expected to be visible during the current season. At the time the government decided to make the price adjustments for soft wheat and rye, the majority of Austrian farmers had already completed planting operations of fall-sown wheat, which makes up about 88 percent of total wheat plantings in Austria.

In the last few years the Austrian Government has taken a number of steps to better gear domestic grain production to domestic needs by encouraging larger feedgrain plantings at the expense of wheat. Several times, fixed gate prices for imported feedgrains have been raised to make feedgrain production more attractive to the Austrian farmer. Upward adjustments in fixed import prices of foreign feedgrains almost automatically result in a corresponding increase in the "free" market prices of domestic feedgrains.

So far, however, the response of Austrian grain farmers has failed to come up to expectations. The reason for this is that the greater portion of homegrown feedgrains is fed on the grower's farm and therefore does not rate as a money-earning cash crop the way wheat (and rye) does. Total wheat production has further expanded, and the surplus availabilities of wheat have become more burdensome. At the same time, domestic production of rye has decreased to the point where it no longer covers domestic requirements.

Surplus-wheat disposal

In the July 1967 through June 1968 year, authorities employed two different methods of disposing of a substantial part of Austria's wheat surplus. Roughly 5,800 metric tons were exported to European countries at prices far below domestic price levels; and to the greatest extent possible the remaining surplus wheat was disposed of as livestock feed.

According to Austrian Central Statistical Bureau data, Switzerland and West Germany were major countries of destination for Austrian wheat in 1967-68, receiving 4,856 tons and 980 tons. Although official information on export subsidization is not available, it is fairly safe to assume that export payments ran to at least \$30 per ton.

In the absence of the possibility of exporting part of the wheat surplus at reasonable costs to the government, emphasis was placed on the disposal of excess wheat through feeding operations. For the purpose of increasing market outlets for surplus grain, imports of foreign feedgrains were kept at a minimum. As a result, a large portion of the 245,000 tons of marketed bread wheat released for feeding purposes by the Grain Marketing Board in 1967-68 was used as livestock feed.

1967-68 grain imports

In 1967-68, Austria's total imports of grains—including breadgrains, durum wheat, coarse grains—were at an alltime

low, amounting to only 406,000 tons. This was 45 percent below the annual average of the 5 previous crop years.

The U.S. share of this market amounted to only 2 percent, compared with the 24 percent averaged in the previous 5 years. A major reason for this development was the large availabilities of feedgrains—in part low-priced—in other European countries in 1967-68. Quite a number of Austrian importers tend to procure grain from nearby countries whenever prices are competitive because of the advantages in getting the needed grain on short notice.

Another factor that influenced the U.S. share was that Austrian authorities, as in the past, sometimes have ordered the local grain trade, by means of tender stipulations, to buy from Canada or Eastern European countries. In the procurement policy for grains, trade policy considerations in selecting countries of supply play an important part. This factor has been contributing toward a heavy concentration of purchasing in East-Bloc countries, where Austria has developed significant sales outlets for industrial goods.

1968 grain crops

First forecast of the 1968 Austrian grain crop made in early August was for a total of 2,628,000 metric tons of grain—10 percent less than the alltime record crop of 1967. Yields per hectare were expected to be between 6.2 percent and 14.4 percent below the record levels of 1967 but about 5 percent larger than the average for the past 5 years.

Production of breadgrains for 1968 was forecast at 1,237,400 tons compared with 1,437,000 tons in 1967. Production of coarse grains in 1968 was forecast at 1,390,000 tons, compared with 1,498,000 tons in 1967.

Output of high-protein wheat in 1968 was forecast at 150,000 tons and of durum wheat at between 8,000 and 10,000 tons—compared with 171,000 tons and 8,300 tons, respectively, in 1967. Production of these wheats is bound to acreage allotments aimed at gearing production to the market potential and available storage space.

Of the grain that had been harvested by early August, the larger part was reported to be of excellent quality with a protein content above average. A large tonnage of the barley was unofficially rated as of brewing quality.

Grains sown in the fall of 1967 had a good start and came through the mild winter with practically no damage. The seeding of spring grains in Austria's major grain-growing areas along the eastern frontier was favored by relatively dry soils and spring-like weather conditions, which were predominant in the latter part of February and in March. Grains sown early this year developed satisfactorily; late sown spring grains germinated only slowly in the absence of sufficient precipitation and due to the low moisture content of soils (by the end of March such little subsoil moisture as had been carried over from the winter was all but dissipated by dry winds).

Later in the season, the development of crops was unfavorably influenced by the prevailing drought conditions. Precipitation at the end of April and late in May brought some relief and removed the immediate danger of heavy crop losses caused by the dryness.

—Based on dispatch from HENRY A. BAEHR
U.S. Agricultural Attaché, Vienna

President Acts To Limit U.S. Cheese Imports

President Johnson, acting upon the recommendation of Secretary of Agriculture Orville L. Freeman, took emergency action under Section 22 of the Agricultural Adjustment Act, as amended, in response to the recent sharp increase in imports of various types of low-priced cheese now being unloaded on the U.S. market to relieve dairy surpluses in the exporting countries. This action limits imports of processed Edam and Gouda cheese, Emmenthaler cheese, Gruyere-process cheese, and the category of "other" cheese provided for in items 117.75 and 117.85 of the Tariff Schedules of the United States.

The quotas, which are effective immediately, were placed on imports for the remainder of 1968. Provision has been made for their continuance into 1969, if necessary. They will remain in effect pending completion of an investigation by the U.S. Tariff Commission and recommendations to the President.

The action was taken to halt a continuing upsurge in imports, apparently reflecting expectations by importers and foreign suppliers that import controls would be put into effect. Imports of the four categories of cheeses during July were 16.7 million pounds, compared with about 4 million in July 1967. Statistics for August are not yet available, but indications are that the total will be even higher.

"Continuance of present import trends could mean that 65-70 million pounds of these cheeses would come in during the next few months," Secretary Freeman said. "This would represent around 450-500 million pounds milk equivalent and would seriously interfere with the Department's dairy price support program."

The Secretary pointed out that the Department has been closely watching developments since June 10 when the President ordered the Tariff Commission to investigate the need for permanent import quotas. "We were reluctant," he said, "to interfere with the normal procedures provided by the law unless and until there was firm evidence that an emergency situation existed. We had hoped that the market would maintain order and stability while the Tariff Commission was conducting its investigation."

The Secretary said that it has now become quite evident that the trade interests, both in the United States and abroad, are seeking to unload on the U.S. market excessive quantities of dairy surpluses of foreign countries before final action is taken by the President on the Tariff Commission's report. The Secretary pointed out that although shipments in transit at the time of the proclamation would be permitted entry, they will count against the quotas to the extent that quotas are available. The quota amounts by category are as follows:

Cheese category	Quota for remainder of 1968	Annual quota thereafter
	1,000 lb.	1,000 lb.
Processed Edam and Gouda	945	3,151
Emmenthaler	1,281	4,271
Gruyere-process	987	3,289
"Other"	5,249	17,501

For the Swiss and "other" categories, the quotas apply to cheeses with an f.o.b. valuation of under 47 cents per pound. This figure is the same as the Cheddar cheese purchase price

of the CCC under the price support program.

The exemption of cheeses valued at 47 cents per pound and over is intended to permit continued freedom of trade for high-quality Swiss-type cheeses and the many high-priced miscellaneous specialty cheeses such as are normally found in gourmet food counters and stores. Cheese made from goat's milk and sheep's milk also remains unrestricted.

Imports for the remainder of 1968, while subject to specified quotas for country of origin, will not require an import license. The Department pointed out that the necessity for immediate action made it impossible to carry out the procedures under which importers' shares are established. The President's proclamation provides for licensing of importers beginning January 1, 1969. Announcement of licensing procedures will be published in the Federal Register as soon as practicable, the Department said.

The Department stressed that the emergency proclamation does not prejudice the report of the Tariff Commission and that the President will decide on the need for continuing the controls on the imports of these articles, as well as the other products covered by the investigation after he has received the reports of the Tariff Commission.

Dairy Imports in Perspective

From 1961 to 1965, total annual imports of dairy products into the United States ranged from slightly under 800 million to a little over 900 million pounds, milk equivalent—about 0.7 percent of U.S. production.

In 1966, with pressures from a world dairy surplus increasing, U.S. imports expanded to nearly 2.8 billion pounds, milk equivalent—virtually all of the increase in the form of newly introduced products which were not covered by the U.S. dairy import quota system under Section 22 of the Agricultural Adjustment Act.

Government purchases of U.S. dairy products, which had virtually ceased in late 1965, had to be resumed in the last months of 1966 as a means of supporting domestic prices.

Pressure on the U.S. market continued in 1967, with the world surplus growing and producing countries paying large subsidies to exporters. During the first half of the year U.S. imports reached an annual rate of about 4.3 billion pounds.

The rate of increase was sharply cut when the President in mid-1967 applied import quotas for the first time to several new products, chiefly butterfat/sugar mixture and Colby cheese. Total 1967 imports were thus held to 2.9 billion pounds, milk equivalent, dropping to an annual rate of about 1.1 billion pounds by the end of that year.

Surplus foreign dairy products continued to seek the U.S. market in 1968, however, and imports were soon up to an annual rate of more than 2.5 billion pounds, milk equivalent. This time, the major increases were in canned milk and in low-priced cheeses, much of which was used in processing. These products were then outside the quota system.

On June 10, the President applied Section 22 quotas to canned milk, and last week's action extends them to certain other cheeses. With quotas in effect at the present level, it is estimated that U.S. imports of all dairy products will be down to less than 2 billion pounds, milk equivalent, in 1968 and to about 1.4 billion in 1969.

Italy Moves Ahead With Its Green Plan

By ROBERT C. TETRO
U.S. Agricultural Attaché, Rome

Italy's agriculture midway through the second Green Plan (1965-70) shows progress accompanied by frustration, heated debate over farm policy on all levels, and the goal of EEC competition continuing to press for more and better agricultural production.

In the broadest sense, Italian farmers have been pleased with the Green Plan and its workings since it was initiated in 1960. Green Plan II continues the same program, providing \$40 million for projects geared to the modernization of Italy's agriculture that is imperative, if Italy is to compete with its partners in the Common Market.

A shortage in the financial backing provided by the current second phase is being criticized, but there is general agreement that perhaps less waste is involved in present programs than was the case under Green Plan I. For example, discrimination between different categories of farmers and classification by Provinces—both of which inhibited the flow of funds in the past—have been eliminated.

But severe questioning of basic policy continues. Must the demand for Parmesan cheese be the price-guiding factor for the dairy farmer? Can red-meat demands of consumers be met principally from dairy beef? What is the future of a citrus industry based on a table-fruit market? Are table grapes and wine competing enterprises for high-cost irrigated land? Does a highly successful producer of peas and snapbeans for a fresh vegetable market have the same advantages in a processing market?

Problems of modernization

Whatever the specific bases for these often heard queries, the fact remains that Italy's farm problems in general are ultimately sponsored by the growing pains of farm and nation modernization, exacerbated by the necessary adjustments to the Common Market. Solutions are neither obvious nor simple. A conference review of agriculture by the National Economic Committee (CNEL) in July emphasized demands for restructuring agriculture and creating better farmer organizations. Individual farmers are either accepting the problems of the times or joining those thousands leaving small, undercapitalized farms for off-farm jobs (the growth of which continues to be surprisingly favorable). Plans, programs, and Rome politics are instinctively disliked or distrusted by farmers, in part because they move ahead so slowly that payments or loans to farmers do not seem related to any period or purpose.

Concern is not confined to the Italians, and Italy's 1968 farm problems have been receiving instant reaction abroad. Scarcely before the July 1 changes in EEC customs regulations had left the presses, French farmers began demanding protection from Italian fruit and vegetable imports. French and German winemakers, already grumbling about unfair Italian competition, are less than jubilant over current Italian investments in this industry. Adding the cost of those land improvement projects that could be in wine regions to the generous amount being spent on grape-and-wine projects gives possibly 50 percent of total Green Plan outlay to the

production of more grapes and more wine.

Green Plan II provides for larger expenditures, but more interesting than the \$40 million involved is the breakdown of the Green Plan projects approved so far and funded by the Community's European Agricultural Guidance and Guarantee Fund (FEOGA). Two points should be kept in mind: These projects are among the first and may not be indicative of the course future investments will take; and, the large sum involved should be compared with FEOGA's expenditures for restitutions on French wheat, or perhaps with the nearly 20 times that amount spent during the past year on price support for butter alone.

Projects approved presumably follow the Green Plan's basic purpose: To help Italian farmers move toward the kind of production best suited to *future* market needs—needs summarized as more livestock products and more fruits and vegetables. An effort to systematize this procedure of sizing up market demands is being made by the Istituto per le Ricerche e le Informazioni di Mercato (IRVAM), a market reporting and research institute recently established by the Ministry of Agriculture.

However, it would seem that future market prospects were not given top priority in allocating Green Plan II funds. With perhaps half of the total sum going to the expansion of grape and wine production, the 7.5 percent devoted to livestock and the 15 percent each to dairy and fruits and vegetables seem inadequate.

Livestock and dairy, fruits and vegetables

But the livestock allotment, while small, is well apportioned. Establishment of an artificial insemination center, two livestock marketing centers, and a hog slaughterhouse for a demonstration area in the South are included. While falling short of need, these projects are important to a country where beef production to date has been a byproduct of the dairy industry. Perhaps the fact that Brussels decisions on cattle, meat, and milk seem not to be understood (beyond the fact that they appear inadequate) explains the uncertain Italian approach to the dilemma.

The Plan's dairy section has received much criticism. Eight of the 10 dairy projects will establish apparently small dairies or cheese factories (costs range from \$190,000 to \$640,000), whose fate can be guessed by anyone who has lived through the age of the "disappearing creameries" in the United States. Also, nearly half of the dairy total is for the establishment of "milking premises" on 3,000 farms. Approximately \$1,000 per farm is provided with the apparent intent of financing equipment for modest milking parlors on farms already too modest in size to compete.

Six fruit and vegetable projects totaling \$6.5 million have been approved. Four will build or extend storage space for fresh fruits and vegetables; two fund fruit and vegetable processing centers. Interest focuses on the centers because they are being built in Lavorazioni, an area of the Po River Valley where processing percentages lag far behind those of other major exporters of deciduous fruit. No projects are reported for the citrus area, where 30,000 tons of quality fruit were purchased last winter in a price supporting gesture.

Equatorial Guinea, Key African Cocoa Grower

By EDMOND MISSIAEN

Foreign Regional Analysis Division, ERS

Equatorial Guinea—one of Africa's smallest countries, but its fifth largest cocoa exporter—steps from its position as a Spanish colony to nationhood this Sunday, October 12. However, this political severance from Spain is not expected to affect the strong economic ties now existing between the two countries.

Independence, for example, is not expected to alter the country's agriculture, which has long been heavily dependent on sales to Spain of the country's main cash crop—cocoa. Growers in Equatorial Guinea shorten the normal bean fermenting time to produce a high-quality, bitter chocolate product that is particularly pleasing to Spanish tastes. In return, they have received the certainty of a market for their crop. Over the past several years an average of 33,000 metric tons of cocoa have been shipped annually—mostly to Spain—and in 1966 cocoa earned Equatorial Guinea over US\$18 million.

The country itself

The island of Fernando Po in the Gulf of Guinea and the enclave of Rio Muni, sandwiched between Cameroon and Gabon in West-Central Africa 130 miles to the southeast, comprise this tiny country.

Fernando Po, the wealthier Province, is more developed than its sister Province on the mainland. The island is of volcanic origin, has very fertile soils, and is characterized by steep shores and a narrow coastal plain which soon give way to the mountain slopes that climax in Mount Santa Isabel, 9,350 feet above sea level. Rainfall, a critical factor in cocoa production, is heavy—ranging from 80 inches annually in the northeast to 200 in the sparsely inhabited southeast.

Most of Rio Muni is a tropical rainforest, although some mountain-type vegetation and savanna areas can be found in the interior uplands. Rainfall is not as heavy as in Fernando Po; in Bata, the Provincial capital, average annual rainfall is about 82 inches.

Equatorial Guinea has about 260,000 inhabitants, of whom 65,000 live in Fernando Po. The majority of the latter group are Nigerians, who contract for 3 years' work with a year and a half renewal option. The immigrants are attracted by the wages and benefits offered, which are good compared to those available in Nigeria. There are also about 15,000 of the Bubi Tribe—the island's original inhabitants—and about 4,500 Spaniards. Rio Muni is more sparsely inhabited, mostly by members of the Fang Tribe, with a sprinkling of Spaniards and immigrant workers from Nigeria and Cameroon.

Cocoa in Fernando Po

Over 90 percent of Equatorial Guinea's cocoa crop is produced in Fernando Po, where it accounts for well over 80 percent of the island's total exports. Most of the cocoa comes from 600 Spanish-owned plantations which cover over 100,000 acres along the north, west, and east coasts. There are also 3,100 African-owned farms, which cover 40,000 acres. Many of the small-scale African cocoa farmers, attempting to imple-

ment some of the more advanced agricultural techniques practiced on the plantations, have formed producer cooperatives which have had some degree of success. However, African producers have been hindered by the high cost of imported labor and by difficulties in obtaining credit.

On the large plantations much effort goes to controlling black pod disease, the most serious menace to cocoa production on the island. Control is effected by periodic spraying with Bordeaux mixture (mostly copper-sulfate and lime) from mid-May to September or October. The system of spraying is very labor-intensive, requiring one man-day to spray an acre of trees, but mechanization of the process would be extremely difficult because of the rocks and rough terrain.

The main harvest season begins in August, peaks in October, and ends in December. Yields vary greatly, ranging from 500 to 1,800 pounds of dry cocoa per acre on the larger estates. The pods are harvested at 3-week intervals, then the beans are fermented for 3 days (compared to 5-7 days in other cocoa-producing countries) and dried for 48 hours. Drying takes place on large slate-covered floors heated by wood fires. After the beans have been cooled, they are sorted by machine to remove doubles, flats, broken beans, and dirt. This procedure results in a very high-grade product, although the reduced fermenting time makes a bitter cocoa—popular only in Spain.

Coffee, timber, and cocoa in Rio Muni

In Rio Muni's agriculture, coffee and timber production are more or less equally important, with cocoa in third-ranking position.

Timber products production in Rio Muni is dominated by about 20 Spanish concessionaires. In 1966 they controlled 565,000 acres of forest land and produced 329,000 metric tons of lumber products exports, valued at US\$4.8 million. Most of the timber operations are located in the coastal plains near the Campo, Benito, and Muni Rivers, so the logs can be easily floated to port. One concessionaire controls the only railroad in Equatorial Guinea, a 14-mile line used exclusively for lumber hauling.

Rio Muni's coffee production, which amounted to 5,000 metric tons or four-fifths of Equatorial Guinea's total production in 1966, is distributed throughout the Province. European-owned plantations, concentrated mainly in the area east of Bata, produce about one-third of the crop; the rest comes from African-operated small-holdings. Robusta is now the main variety, having replaced liberica—a minor variety popular only in Spain and northern Norway.

In recent years Rio Muni has produced less than 10 percent of Equatorial Guinea's cocoa exports. Production, which amounted to about 3,000 metric tons in 1966, is almost entirely in the hands of small-scale African farmers in the northern and eastern sections of the Province, which are geographical extensions of cocoa-producing areas in Gabon and Cameroon. Growing techniques have not been developed here as in Fernando Po, and this is reflected in the quality of the product. Generally no fertilizers are used, and no spraying or other action is taken against diseases and plagues.

It is hoped that the cooperatives, which currently handle the marketing process for over half of the cocoa produced, will expand their work to include quality control.

Economic ties to Spain

Equatorial Guinea's production of cocoa and, to a lesser extent, of coffee, is presently quite profitable. However, this is largely because of the immunity to international price fluctuations which these products now enjoy, because Spain buys

almost the total output of cocoa and coffee at prices well above the world level.

However, cocoa production has now reached a level where producers must think beyond the Spanish market. In 1966, 15 percent of cocoa exports went to countries other than Spain. However, mainly because of the cocoa industry's dependence on Spanish price supports and Spanish consumer tastes, Equatorial Guinea's economic dependence on Spain can be expected to continue for some time to come.

IFC Commitments Exceed \$50 Million in Fiscal 1968

The International Finance Corporation (IFC) committed \$50.7 million to industrial and agricultural development projects in 11 different countries during fiscal 1968. This brought to \$271.8 million the total commitments made by IFC, a World Bank affiliate that invests, without government guarantee, in private businesses in less-developed countries.

Of the fiscal 1968 investment, \$11.1 million went for two agriculture-related projects. One of these was a textile mill in Nicaragua; the other a sugar plantation and sugarmill complex in Ethiopia. Also, IFC made the biggest single transaction in its 12-year history—a \$20-million investment in a \$60-million Mauritanian copper mine.

Nicaragua and Mauritania were new additions last year to the list of countries receiving help from IFC. Another newcomer was South Korea, where a \$702,043 loan was made to the Korea Development Finance Corporation. These additions spread IFC investments to 39 countries.

Membership in the organization rose to 86 countries last year as Indonesia, Mauritania, and South Vietnam joined, and the total has since moved up to 89, with Singapore, Uruguay, and Yugoslavia becoming new members.

Africa leading recipient

Over half of the funds committed by IFC during fiscal 1968 went to Africa. Nevertheless, the year's investments circled the globe. Two of the major ones were in Africa, two in Asia, and three in Latin America. Six of the smaller commitments (under \$500,000) were in Latin America, and one was in Africa. This continued the geographic diversification of the previous year, when more than half of IFC's commitments went to Asia and the Middle East.

Aid to these areas—despite tight money and sharp competition for capital—received a boost from private investors. In 42 cases during fiscal 1968 other investors associated themselves with IFC by contributing a total of \$8.7 million to new ventures and by making purchases of \$2.8 million from IFC's portfolio of previous commitments. In addition, other investors bought \$7.1 million of securities covered by the Corporation's underwriting commitments. This help from private industry restored a total of \$18.6 million—compared with \$7.3 million in the previous fiscal year—to IFC funds for reuse in new development projects. Since IFC's founding, 81 private investors have participated in its transactions on 203 occasions.

Also, IFC in 1968 offered itself as the focal point of increasingly large and diverse investment groups. One of these was the new textile mill project in Nicaragua, whose sponsorship came from public and private; industrial and financial; and national, international, and intergovernmental investors. In this venture, IFC for the first time joined forces with the

Central American Bank for Economic Integration (CABEI). Also for the first time, a Latin American firm—Fabricato of Colombia—was the industrial sponsor in an IFC project in Central America.

The \$9.2-million textile mill to be built with the help of these and other investors is designed to produce finer fabrics which can compete with those now imported into the Central American Common Market. This will make possible some foreign exchange savings for Nicaragua and permit that nation to export certain types of textiles to some countries of the Common Market.

The mill will have 20,160 spindles and 370 looms, capable of producing 10.2 million yards a year using Nicaraguan cotton in cotton and polyester blend fabrics.

IFC's part in the project includes a \$1-million loan and a matching amount in equity.

The other agricultural investment will help Ethiopia close the gap between production and consumption of sugar. It involves construction of a \$22.5-million sugar plantation and mill in central Ethiopia, toward which IFC is contributing a little over \$9 million in loans and equity. The tract to be cultivated is located on both sides of the Awash River, some 100 miles east of Addis Ababa. It is expected to accelerate development of the lower Awash Valley and provide employment for over 4,000 workers.

The sugarmill is scheduled to begin operations in November 1969 with initial output at about 29,000 metric tons. Full production of 47,400 tons is to be reached in the second year, and output could be expanded to 65,000 tons a year.

Report on Argentine Agriculture

Argentina's role as a growing competitor with the United States in foreign markets for wheat, feedgrain, vegetable oil, and fruit is reported in a new USDA publication. The report, by the Economic Research Service, traces Argentine farm production and trade since the mid-1930's, emphasizing competition with U.S. products.

Farm products account for over 90 percent of Argentina's foreign exchange earnings, which between 1955-59 and 1965 rose from \$970 million to almost \$1.5 billion. Wheat, chilled and frozen beef, and wool accounted for about a third of the totals. Biggest buyer of these and other agricultural products is Western Europe, which in 1965 took about two-thirds of Argentine exports. The Latin American Free Trade Association took another 15 percent.

Single copies of "Argentine Agriculture: Trends in Production and World Competition," ERS-Foreign 216, are available from the Division of Information, Office of Management Services, USDA, Washington, D.C. 20250.

Larger Supplies Seen for 1968-69 Wheat Trade

The pressure of supply in the world's wheat growing nations is more intense this year than it has been for some time. With the crops now in prospect, supplies for export and carryover in the hands of major exporters are slightly more than twice the size of probable world trade for the year. Such a situation has not occurred since 1964-65 when the supply was twice as large as the year's total volume of business. By comparison, the supply in 1965-66 was 1½ times world trade—the lowest since just after World War II. Even though the supply-demand ratio seen for 1968-69 was twice exceeded during the 1960's—in 1960-61 and in 1962-63—the net export price of U.S. Hard Red Winter wheat in those years still averaged \$1.69 and \$1.75, respectively.

It now appears that total wheat trade in 1968-69 will be very close to the 53.5 million tons traded in the past year. If the forthcoming Canadian sale to the Soviet Union exceeds 2 million tons by any substantial margin or if new sales to Mainland China should exceed the currently expected 2 million to 3 million tons, total trade would be higher.

On the other hand, there is some evidence that importers—hoping that world prices will fall—are using their stocks to meet current requirements rather than entering the market at this time. India and Pakistan and possibly Brazil will take less wheat in 1968-69, but this will be mostly offset by larger imports by the United Kingdom, Italy, and several other countries in Eastern and Western Europe.

Prospects for the United States still point to a relatively good export year. In a few traditional markets such as Japan greater competition from Canada and Australia may cause a slight decline in the U.S. commercial volume. But generally the U.S. export total for 1968-69 should compare reasonably well with that of recent years, if allowance is made for reduced shipments to India and Pakistan.

Expected imports

Imports by Communist countries have generally accounted for the major recent fluctuations in wheat trade and seem unlikely to change much from those of a year ago. The Soviet Union, which imported only around 1.5 million tons in 1967-68, appears to have had another good harvest. The Soviets will likely not need to increase imports in 1968-69 since they still have 4 million tons coming in this the final year of their 3-year agreement with Canada. The actual level of purchases will probably be determined during the upcoming negotiations between the two countries. Imports by some East European countries may rise because of their small harvests. The amount purchased from Western countries, however, will depend upon Soviet exports to Eastern Europe, which have increased during the past several years.

Last year Mainland China's imports of wheat—at 4 million tons—were the lowest in over 6 years. Mainland China has over 1.5 million tons lined up to be imported in 1968-69, mostly from contracts signed in 1967-68. Thus far there have been no new contracts for current-year delivery, so it is probable that imports again will not exceed 4.0 million tons.

In the Free World the big change is in India and Pakistan. During the past 4 years India and Pakistan have imported a total of 8.5 million tons of wheat annually. But the recent record wheat crops in both countries would indicate a reduction of possibly 2 million tons in imports for 1968-69.

Elsewhere in Free World commercial markets prospects are reasonably good. Western Europe's imports may be 1.5 million to 2.5 million tons larger than in 1967-68. On the other hand, it appears that the long uptrend in Japanese imports may have leveled off, and bumper crops in North Africa probably will reduce that area's imports from the high levels of the past 2 years.

Total imports by Free World countries, therefore, are forecast at 1 million to 1.5 million tons below those of 1967-68. Combining this with a moderate increase in East European imports, total world trade probably will remain close to the estimated 53.5 million tons of 1967-68. At this stage, a significant gain in total world trade volume from last year's level could occur only if Soviet or Chinese imports show an appreciable increase.

Exporters' supplies

The estimate of potential wheat supplies available for export and/or carryover in 1968-69 in the major exporters—the United States, Canada, Australia, Argentina, and the EEC—is around 107 million metric tons. This is nearly 20 percent higher than in the past two seasons and the highest level on record. The estimate includes prospective record crops in both the United States and Australia, an average harvest in Canada, some increase in Argentina, and a near-record crop in the EEC. In addition, Sweden and Spain are expected to remain fairly large exporters. Bulgarian and Romanian exports are expected to decline, since their crops were sharply reduced by drought. The current Soviet harvest, although reasonably good, probably will not be large enough to maintain last year's export level and the desired level of stocks.

Combining the expected world trade level with current exporters' crop prospects, wheat carryover in the five major exporting countries by June 30, 1969, probably will be increased by some 16 million tons from the 47 million of 1968 and 40 million of 1967. If U.S. exports should succeed in reaching 20.4 million metric tons (750 mil. bu.), the U.S. carryover would increase by about 4 million tons and others by about 12 million.

Australian Fertilizer Subsidy

Australia has increased its subsidy on phosphatic fertilizers manufactured and sold in Australia. The new measure became effective August 14 and includes a budget allowance increase of \$11.6 million to \$33 million for payments through October 31, 1971. The subsidy is raised to \$7 per ton on standard superphosphate and to \$36 per ton phosphorus pentoxide content for other types of phosphatic fertilizers. Fertilizers containing added trace elements, such as copper, zinc, cobalt, molybdenum, manganese, and boron, were added to the list of eligible compounds. In the past, superphosphate containing these additional materials received the subsidy only on the actual superphosphate content, and farmers in trace-element deficient areas felt penalized.

The subsidy is considered to have achieved its goal: encouraging greater use of fertilizer and reducing costs in the sheep and wheat industries. Use of superphosphate increased from 2.8 million tons in 1962-63 to 4.3 million in 1967-68. An increase to 4.6 million tons in 1968-69 is expected.

Animal Nutrition in Four Languages

The booklets whose covers are shown at right are helping build export markets for U.S. feedgrains.

They began their career as part of the animal nutrition programs held by FAS in Greece and Lebanon during April 1967. In anticipation of these programs, FAS contracted with the State College of Agriculture at Cornell University, Ithaca, N. Y., to prepare English texts for four 12-page booklets—*Swine Nutrition*, *Poultry Nutrition for Meat and Eggs*, *Cattle Nutrition for Milk and Meat*, and *Supplemental Feeding of Ewes and Lambs*. Each was then translated and printed in the country of use. The booklets were used also this June at fairs in Madrid and Lisbon; thus, most of them now exist

in Spanish and Portuguese as well as in Greek and Arabic.

FAS cooperators in the business of marketing U.S. feedstuffs overseas—the U.S. Feed Grains Council, Soybean Council of America, and National Renderers Association—report the booklets well received and useful in the appropriate country programs.

The English versions of all four booklets have been sent in modest numbers to all U.S. agricultural attachés, and in each country the agricultural extension service has been provided with copies. A moderate number of copies in each language is available in the International Trade Fairs Division, FAS, for filling individual requests.

Fall Store Promotions for North Europe

Two just finished and three more to go before December is the busy autumn schedule for in-store promotions of U.S. foods in Northern Europe. The list follows.

August 28-September 14, Northern Ireland. Mace, SPAR, and other firms with a total of 17 supermarkets and 300 small shops in and around Belfast, coinciding with the Ideal Home Exhibition there—a first-time display of U.S. foods in that country. (See story on p. 12.)

September 16-28, Norway. IRMA A.S., with 35 self-service stores, mostly in the Oslo area—also a first for U.S.

food promotions in the country.

October 10-19, West Germany. Koch & Mann GmbH (Koma Nord), with 1,200 stores in the Wuppertal area—participating in the U.S. in-store program for the third year.

November 11-25, West Germany. Schade and Fuellgrabe, a new and modern independent chain with 10 supermarkets and 120 self-service stores in the Frankfurt area.

November 14-20, Sweden. METRO, with 63 self-service stores (including 30 supermarkets) in Stockholm—yet another country premiere.

GPW Cultivates Latin American Markets

The importance of Latin America as a commercial market for U.S. wheat was underscored by C. W. Pence, executive vice president of Great Plains Wheat, Inc., on the eve of his departure for a 3-week trip to that area last month.

Last year, a 14-percent increase in Latin America's imports of U.S. wheat—to almost 113 million bushels—gave the United States a substantial boost toward exceeding its 750-million-bushel export target, Pence said. "Even more significant," he went on, "is that 74.28 percent of these imports were on the commercial side of the ledger."

Every region of Latin America showed an increase. Central America upped its purchases by 38.2 percent; the Caribbean, by 20.5 percent; and South America, by 11.8 percent. Pence also noted that several Latin American nations rank high

among U.S. wheat importers: Brazil is fourth with 46.9 million bushels; Venezuela, seventh with 22 million; and Peru, 12th with 9.6 million. Reflecting the area's significance to the more than 350,000 wheat producers of Colorado, Kansas, Nebraska, North Dakota, Oklahoma, and South Dakota, GPW has increased its Latin American activities. Among programs recently begun, there are baking schools in Venezuela, Trinidad, and El Salvador; bread promotion campaigns in Guatemala and El Salvador; and publication of a bakers' bulletin.

GPW representatives in Caracas and Rio de Janeiro are stepping up their personal calls on the grain trade; and the organization is continuing its sponsorship of trade teams to the United States, with groups from Chile, Peru, and Brazil scheduled for this year.



Why Ship Perishables by Air? Air Industry Answers

1. Less spoilage than when surface transportation is used.
2. Speed of delivery and timeliness being able to arrive at a market at an opportune time.
3. Expansion of sales area to the world.
4. Ability to demand a premium price because of better appearance, taste, quality and longer shelf life.
5. More dependable arrival times.

The question "Why ship perishables by air?" and the answers shown above were part of a presentation made to FAS this summer by the Air Freight Marketing Group of the Air Transport Association of America. FAS market development experts, commodity specialists, and export program officials gathered to hear, see, and discuss the kinds of service the air industry is now offering for the transportation of perishable farm products and what it expects to offer in the next decade. Below and to the right are some other points made at the meeting.

The air freight industry—already big business—is planning heavy investments in its own future and in that of other "growth" industries, including the perishables industry. According to George Zettler, chairman of the Air Freight Marketing Group, total investment in automated terminals and mechanized handling equipment should reach almost \$6 billion by the mid-1970's and \$8.5 billion by 1980.

These facilities will be urgently needed, since the first round of jumbo jet freighters will be at work by 1971. Today's jet freighters are already delivering 176,000 ton-miles of service per day—11 times as much as the piston freighter that was yesterday's workhorse; and tomorrow's jumbos will deliver nearly 530,000, or 33 times as much as the pistons.

Intermodal containers, moving easily between truck, rail, ship, and air, will be part of the air freight service for perishables. Farm-based communities located away from major cities can benefit from the introduction of medium-range and even short-range aircraft having intermodal capability. In fact, the use of

V/STOL aircraft ("vertical or short take-off and landing") will often permit containerized perishables to move directly from packaging point to the airport and then from the airport at destination directly to the customer's warehouse.

Tomorrow will see, too, the use of computers to schedule, handle, route, and record exports of farm products throughout their journey. Satellite relays will permit electronic transmission of the air waybill, so that details of the transaction will reach the overseas destination several hours ahead of the shipment. Distribution costs—which represent 20 percent of a product's final price—will come down as computers help make better use of aircraft space and sales effort.

Indispensable partner of the airplane today, and probably tomorrow too, is the truck. Mr. Zettler estimates that by 1970 the air industry should have a minimum of 11,400 trucks in pickup and delivery operation, handling over 9 million shipments. It is the air/truck service that now makes the 600-mph speed of the jet available for reaching not only suburban and rural areas but city streets.

CALIFORNIA STRAWBERRIES TO EUROPE
(000's of Pounds)

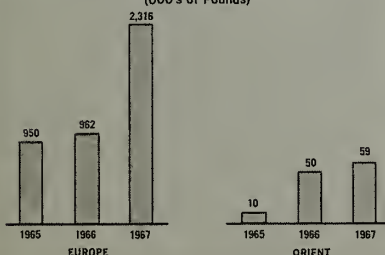
1st Six Months of 1967 vs Same Period of 1968

	1968	1967	% Change
England	270	235	+ 15
France	230	105	+120
Germany	545	690	- 21
Italy	108	34	+215
Switzerland	370	188	+ 97
Sweden	340	552	- 28
Denmark	54	19	+184
TOTAL	1,917	1,823	+ 5%

TYPICAL AIR RATES FOR AGRICULTURAL PRODUCTS

<u>Los Angeles to Frankfurt</u>		
Fresh Vegetables	25.3¢/pound	Minimum Weight 1,100 pounds
<u>California to Tokyo</u>		
Fresh Fruits and Vegetables (except strawberries)	30.0¢/pound	Minimum Weight 440 pounds
<u>Florida to Paris</u>		
Hatching Eggs	34¢/pound	Minimum Weight 10,000 pounds
<u>Dallas, Texas to London (via New York)</u>		
Fresh Beef	25¢/pound	Minimum Weight 2,200 pounds
<u>California to Milan, Italy</u>		
Strawberries	33¢/pound	Minimum Weight 2,200 pounds
<u>Denver to Honolulu</u>		
Meats	18.3¢/pound	Minimum Weight 5,000 pounds

FRUITS AND VEGETABLES FROM CALIFORNIA TO OVERSEAS DESTINATIONS
(000's of Pounds)



Izmir Fairgoers Like Soybean Oil Cookery

Soybeans and their products went all out to win the interest of visitors to the American Pavilion at Turkey's Izmir International Trade Fair last month. In the soybean exhibit, sponsored by the Soybean Council of America in co-

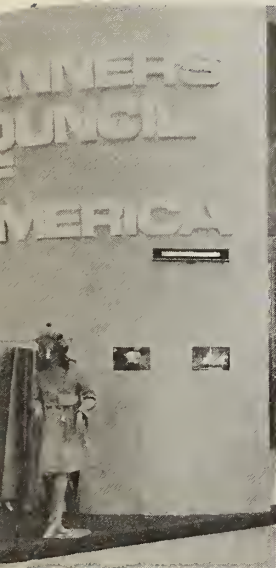
operation with FAS, charts and pamphlets drew the eye; loudspeakers told the soybean oil story every 5 minutes; and favorite Turkish foods fried in soybean oil attracted happy samplers. Some 50,60,000 Turks a day saw the Fair.



Paris Sees Week of U.S. Leather Fashions

American leather made its fifth and most successful autumn visit to Paris last month, when the Tanners' Council of America again took part in the Semaine du Cuir. Using an "outer space" theme, the Council presented another of its famed leather ballets, this time on a round stage simulating a space station. About 50 countries participated in the Paris show, with exhibits of hides, skins, and made-up leather goods beamed at both the public and the leather trade. Total attendance was estimated at 110,000 for the week.

Aim of the Council has been to convince Europeans that leather is a fashion material for carriage trade and average consumer alike—and that the U.S. industry can provide quality and value in volume.



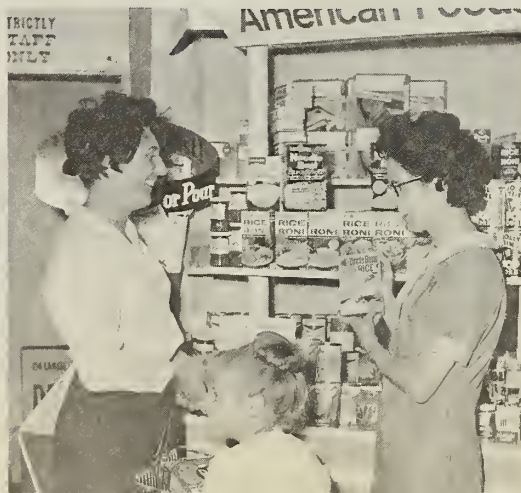
Above, the corps du ballet caught in the middle of a lively space-age number. From left, U.S. leather in a wide array of colors and textures appeals to both sight and touch; model in a mini-space jumper descends from a mock satellite onto stage floor; another model has the look of the future but is equally well suited to the current decade.

North Irish Supermarkets Find U.S. Foods Supersellers

The first promotion ever held in Northern Ireland for American foods met with an enthusiastic welcome from shoppers in the participating stores—17 supermarkets in and around Belfast and some 300 small shops throughout the country. Going over most strongly were rice and honey in many variations, nuts, pineapple products, raisin bread, cake mixes, and numerous snack and salad items. Some 400 different American foods were up for display in the stores and at the Ideal Home Exhibition in Belfast during the August 28-September 14 period. Many sellouts were reported. Demonstrators and store managers were delighted with customer reaction.



Left, checkout at Supermac, biggest in country; below, a demonstration at Mace.



Below, windowshoppers at Sawyer's, a top prestige store in downtown Belfast, which carried—and sold—higher priced brands.





At special trade luncheon: Above, members of Swedish trade put their heads together; right, operakallaren waiter serves restaurant's owner and prominent food editor.



Sweden Says "Ja" to American Beef

Sweden, with its strong demand for quality meat, a domestic output too small to meet that demand, and numbers of well-to-do gourmets among its population, should rank as an ideal foreign market for top choice U.S. beef. And, in fact, it might become such a market, from the way the Swedes reacted to the first shipment of chilled beef ever flown there from the United States. Frozen U.S. beef is already well and favorably known in Sweden. But consumers and meat trade alike seemed fascinated with the chilled product.

Beef was promoted in Sweden during September in three ways: by the American Food Exhibit at Stockholm's St. Erik's Fair, where the chilled beef grilled on the spot was a star attraction; through a special trade luncheon at one of the city's top gourmet restaurants, Operakallaren (with cherrystone clams and chilled strip loin steaks specially flown in); and on special American menus during the Fair period at that restaurant and two others—Riche and Stallmastaregarden—owned by top restaurateur Tore Wretman.



At St. Erik's Fair: Left, ravenous customer at last gets his turn; above, serious discussion of U.S. beef cuts.

At gourmet restaurants: Right, an exterior view of Riche's; below, an interior view. All three restaurants starred U.S. beef—prepared to order—along with poultry, prune, and peach dishes during period of the Fair.



CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Rotterdam offer prices for U.S. wheats increased between September 17 and September 24, 1968. The price for U.S. Hard Winter and U.S. Spring increased 3 cents and Soft Red Winter increased 1 cent. Canadian Manitoba decreased 1 cent. Argentine wheat remained unchanged.

U.S. and South African corn were unchanged. Argentine corn was down 1 cent.

A listing of the prices follows.

Item	Sept. 24	Sept. 17	A year ago
	<i>Dol. per bu.</i>	<i>Dol. per bu.</i>	<i>Dol. per bu.</i>
Wheat:			
Canadian No. 2 Manitoba	2.03	2.04	2.11
USSR 121	(1)	(1)	(1)
U.S. No. 2 Dark Northern			
Spring, 14 percent	1.94	1.91	2.01
U.S. No. 2 Hard Winter,			
14 percent	1.95	1.92	1.99
Argentine	1.82	1.82	(1)
U.S. No. 2 Soft Red Winter	1.79	1.78	1.78
Corn:			
U.S. No. 3 Yellow	1.19	1.19	1.39
Argentine Plate	1.37	1.38	1.73
South African White	1.39	1.39	(1)

¹ Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Grain Stocks Up in Exporting Countries

Grain stocks on July 1, 1968, in the United States, Canada, Argentina, and Australia at 115.4 million metric tons were 15 percent higher than a year earlier. Wheat stocks were up 17 percent, largely as a result of the record crop in the United States and reduced exports from Canada and Argentina. Rye and barley stocks declined 6 and 4 percent, respectively. Stocks of oats were off 19 percent, with all countries except the United States showing declines. Corn stocks gained 21 percent, mainly as a result of larger U.S. holdings. In addition to these five grains, totaled above, the United States held 9.4 million tons of grain sorghum, up 11 percent, and Argentina had 990,000, up 24 percent.

U.S. wheat stocks rose 26 percent to 14.6 million tons—the first stocks increase since 1961. The total wheat supply, at 58.1 million tons for 1968-69, shows an 11-percent increase above last year. U.S. corn stocks gained 23 percent, to 54.6 million tons; barley was up 12 percent; rye declined 10 percent; and oats were unchanged. U.S. feedgrain stocks, including grain sorghum, totaled 70.9 million tons—19 percent above a year earlier.

A detailed table and analysis appeared in the September World Production and Trade: Statistical Report.

India Regulates Vanaspati Prices

The Government of India placed vanaspati (hydrogenated vegetable oil) prices under government control beginning September 6, following a price increase by the Vanaspati

Manufacturers' Association (VMAI) a day earlier. Previously, prices had been voluntarily controlled by the VMAI under an informal arrangement with the government, according to which prices were determined every month in relation to vegetable oil prices in the preceding month, plus an agreed processing margin. The last such price was fixed on August 25.

Vanaspati prices as fixed by the government are approximately the same as those set by the VMAI and are based on the current price of peanut oil. Converting Indian prices at the official rate of exchange, in July peanut oil sold for \$319 per metric ton (14.5 cents per lb.) and spiraled to \$519 per ton (23.5 cents per lb.) on September 11. Vanaspati production decreased 25 percent during the month of August, reportedly as a result of the rising prices.

Philippine Exports of Coconut Products

Registered exports of copra from the Philippine Republic for January-August 1968 totaled 358,511 long tons compared with 481,021 in the same period of 1967. Movements to the United States were 189,593 tons, an increase of 39,216 over last year.

Coconut oil exports for January-August 1968 were 152,729 long tons compared with 138,600 last year. Shipments to the United States were 136,997 tons, an increase of 16,438 tons over January-August 1967.

Desiccated coconut exports for August 1968 increased to 9,546 short tons from 7,894 a year earlier. January-August exports were 49,613 tons against 41,320 last year. Of the total, 45,277 tons moved to the United States compared with 31,185 last year.

Yugoslavia Raises Import Tax on Oils

The Government of Yugoslavia raised the import levy on soybean and sunflowerseed oils to \$51.20 per metric ton on August 28 from \$30.40 per ton in effect during July and August. The new rate, however, is slightly below the import levy of \$52.00 per ton imposed prior to late June of this year.

French Milk Output Continues High

The general outlook is for a total milk production increase in France of around 5 percent, with increasingly overabundant stocks of dairy products, particularly butter and nonfat dry milk.

Milk production increased again during the second quarter of 1968, attaining a record high monthly production in May of 726 million gallons. Overall output was up 3 percent, compared with the same period a year ago. Butter and nonfat dry milk stocks held by Interlait increased to record levels—almost 122,000 metric tons and 101,000, respectively, as of June 30. (As of September 1, stocks were 153,000 metric tons and 65,000, respectively.)

Factory production of dairy products during the second quarter was generally higher than the previous quarter, with

an almost 50-percent increase in butter and canned milk, 40 percent in powdered milk, and lesser increases in cheese, cream, and yogurt. Production of fluid milk was down slightly from the first quarter. These trends continue those of the previous year, although to a lesser degree.

French imports of dairy products were generally lower than those of a year ago. Exports of nonfat dry milk reached a record high, and other exports were generally up except for fluid milk.

Use of U.S. Leaf Increases in Thailand

Both cigarette sales and use of U.S. leaf in cigarette manufacture set records in Thailand last year, according to preliminary data. Cigarette sales in 1967 reached 12.2 billion pieces, using 18.5 million pounds of U.S. leaf, compared with sales of 11.1 billion pounds and use of 16.1 million in 1966. Gold City, Samit, and Falling Rain are three popular brands that contain U.S. leaf.

Estimates for 1968 place sales at 13.0 billion pieces, with use of almost 20 million pounds of U.S. leaf.

U.S. LEAF TOBACCO IN THAILAND

Year	Sales	U.S. leaf content
	<i>Million pieces</i>	<i>Million pounds</i>
1963	10,178	10
1964	10,315	11
1965	10,323	14
1966	11,124	16
1967	12,195	19
1968 ¹	13,000	20

¹ Estimate.

Cocoa Bean Prices Reach 10-Year Highs

With recordbreaking persistent heavy rains falling over the major West African cocoa producing countries of Ghana, Nigeria, and the Ivory Coast during July and August and weather conditions also being poor in the Brazilian producing regions, the prospects of a fourth consecutive deficit production year have become more apparent. For the last 3 years (1966-68), world cocoa consumption has exceeded production, resulting in manufacturers having to draw upon stocks to meet consumption requirements. Cocoa stocks in the European consuming countries have been reduced to very low levels; however, U.S. manufacturers, who bought heavily during periods of abundant supplies and low prices, are in a much better position, at least for the near future.

New York spot Accra cocoa bean prices have soared to a 10-year high in September, being quoted as high as over 39 cents per pound, up 12 cents over a year ago and well over the 1966 and 1965, respectively.

With continuing firmness in cocoa bean prices, manufacturers are contemplating further retail price increases and/or further reductions in the size of chocolate bars in addition to the expanded usage of cocoa butter substitutes in confectionery products.

U.S. Cotton Exports Low

Exports of raw cotton from the United States totaled 213,000 running bales in the first month (August) of the current marketing season. This is sharply down from the

357,000 bales shipped in July and compares with exports of 244,000 in August 1967. Exports to European countries were less than one-half the volume shipped to those countries in the same month last year.

U.S. COTTON EXPORTS BY DESTINATION [Running bales]

Destination	Year beginning August 1				
	Average	1966	1967	August	
	1960-64	1966	1967	1967	1968
	<i>1,000 bales</i>	<i>1,000 bales</i>	<i>1,000 bales</i>	<i>1,000 bales</i>	<i>1,000 bales</i>
Austria	23	4	1	(¹)	0
Belgium-Luxembourg ..	121	52	45	1	2
Denmark	14	8	10	1	(¹)
Finland	17	15	11	(¹)	0
France	319	163	148	6	7
Germany, West	269	159	100	9	3
Italy	345	263	253	13	7
Netherlands	110	31	36	1	1
Norway	13	10	7	(¹)	1
Poland & Danzig	125	78	77	8	1
Portugal	21	1	8	(¹)	1
Spain	74	1	7	0	1
Sweden	81	71	75	8	1
Switzerland	74	79	60	6	3
United Kingdom	244	153	125	9	3
Yugoslavia	112	139	64	0	0
Other Europe	17	11	25	2	(¹)
Total Europe	1,979	1,238	1,052	64	31
Australia	61	17	17	2	0
Bolivia	7	9	0	0	0
Canada	353	297	142	18	7
Chile	18	3	1	0	0
Colombia	3	1	0	0	0
Congo (Kinshasa)	6	34	13	(¹)	0
Ethiopia	9	9	22	3	1
Ghana	1	15	12	0	1
Hong Kong	148	183	299	12	33
India	314	289	342	6	3
Indonesia	40	161	70	0	0
Israel	15	2	4	(¹)	(¹)
Jamaica	4	5	1	0	0
Japan	1,192	1,293	1,103	73	59
Korea, Republic of	261	372	351	37	38
Morocco	12	14	35	2	0
Pakistan	14	3	18	0	0
Philippines	123	134	154	6	10
South Africa	41	38	23	1	1
Taiwan	209	373	378	13	17
Thailand	34	70	90	4	8
Tunisia	2	15	14	2	0
Uruguay	6	0	0	0	0
Venezuela	8	1	(¹)	0	0
Vietnam, South	46	66	24	0	2
Other countries	18	27	41	1	2
Total	4,924	4,669	4,206	244	213

¹ Less than 500 bales.

Cotton Production in Argentina To Expand

Favorable cotton prices during the past season are expected to provide the incentive for Argentine cotton farmers to expand acreage in the current season. A Cotton Board survey of planting intentions showed that acreage devoted to cotton this season could be near 1 million acres. This is more than one-fourth larger than planted acreage in 1967-68, and, if realized, could produce a crop as large as 450,000 bales.

Production in 1967-68 (August-July) totaled around 335,000 bales (480 lb. net), the lowest in 20 years. At about 800,000 acres, the area planted was the smallest in the past

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33 years and was only little more than one-half of the past 10-year average. Of the area planted, 725,000 acres were harvested. The rate of abandonment is below the average of previous years. Crop growth and yields were generally normal. The quality of the cotton was considered good and its strength and uniformity were acceptable.

The closing stocks have shown a declining pattern during the last several years and on July 31 were estimated at 365,000 bales, compared with 470,000 at the same time in 1967. During the 1967-68 marketing year Argentina imported 27,000 bales of cotton—21,000 of long and extra-long staple from Peru—and 6,000 of short staple from Brazil. Exports for 1967-68 are estimated at around 30,000 bales, compared with 127,000 for the 1966-67 season. Shipments in 1968-69 will continue to be small because of the tight supplies.

Mill consumption has been declining since 1965 and for the 1967-68 season is estimated at 425,000 bales; in 1966-67 it was 490,000. Competition from synthetics, higher cotton prices, and controlled wages have all contributed to the downturn which is likely to be extended in the current season.

Spanish Cotton Crop Continues Decline

The 1968-69 cotton crop in Spain is estimated at 260,000 bales (480 lb. net), the smallest crop since 1958-59 when production was below 200,000. The current season's crop represents the second year of a production decline, and compares with 297,000 bales produced in 1967-68 and 410,000 in 1966-67.

Approximately 300,000 acres were planted to cotton this season, compared with 355,000 in 1967-68, 550,000 in 1966-67, and a 1960-64 average of 680,000.

The primary causes for the decline in cotton production were: (1) farmers have continued the trend of diverting land away from cotton to other more profitable crops such as sugarbeets and forage plants; (2) government regulations have discouraged cotton production in nonirrigated areas; and (3) ginneries have reduced the number of their contracts with cotton farmers as a result of the decline in the textile industry.

The textile industry has not been able to attract the capital investment needed for the modernization of its equipment and it has been affected by the higher costs of imported dye-stuffs and chemicals as a result of the Spanish currency devaluation in November 1967. Furthermore, the local textile industry has been faced with increasing competition from foreign textiles. Cotton consumption in the 1968-69 season

is expected to approximate the 500,000 bales consumed during the 1967-68 year. This represents a sharp drop from the estimated 600,000 bales used in 1966-67.

Cotton imports during the first 8 months (August-March) of 1967-68 totaled 97,000 bales, down from 122,000 in the same time-period a year earlier. Imports during the entire 1966-67 crop year totaled 148,000 bales. The four leading suppliers of cotton to Spain in 1967-68 were Egypt, Turkey, Greece, and Pakistan. Because of the decline in production, cotton imports in the entire 1967-68 season are likely to be above those in the preceding year.

Lower Italian Lard and Tallow Imports

Italian imports of tallow during January-May 1968 dropped to 15,318 metric tons, compared to 34,989 for the same period last year. The United States followed by Argentina accounted for most of the imports. Continued high domestic slaughterings of both cattle and hogs provided an abundance of relatively cheap local tallow and lard, even though world prices for these products were extremely low.

With cattle slaughter increasing this year, it is estimated that Italy's tallow production will probably amount to about 65,000 metric tons, an increase of 12 percent over 1967 levels.

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